

SERVICE AGREEMENT
BETWEEN CENTRAL MAINE POWER COMPANY
AND THE UNION WATER-POWER COMPANY

SERVICE AGREEMENT

This Service Agreement is made and entered into this _____ day of _____
by and between Central Maine Power Company ("Central Maine") ("Client Company")
and The Union Water-Power Company ("Union Water") ("Non-Utility Company").

WITNESSETH

WHEREAS, the Securities and Exchange Commission ("SEC"), pursuant to
Section 13(b) of the Public Utility Holding Company Act of 1935 ("Act") has authorized
Non-Utility Company to provide certain services to its associate companies within the
Energy East Corporation ("Energy East") registered holding company system; and

WHEREAS, Client Company is a Utility Company within the Energy East
system; and

WHEREAS, Utility Company and Non-Utility Company have entered into this
Service Agreement whereby Non-Utility Company agrees to provide and Client
Company agrees to accept and pay for various services as provided herein at cost, with
cost determined in accordance with applicable rules and regulations under the Act, which
require Non-Utility Company to fairly and equitably allocate costs among all associate
companies to which it renders services (collectively, the "Client Companies"), including
Client Company.

NOW THEREFORE, in consideration of the premises and the mutual agreements
herein contained, the parties to this Service Agreement covenant and agree as follows:

ARTICLE I - SERVICES

Section 1.1 Non-Utility Company shall furnish to Client Company, as
requested by Client Company, upon the terms and conditions hereinafter set forth, such
of the services described in Appendix A and supplemented by Exhibits A - Agreement

between Union Water and Central Maine for Construction and Maintenance Services, B - Agreement between Union Water and Central Maine for Utility Location Services and C - Agreement between Union Water and Central Maine for Pole Setting Services hereto, at such times, for such periods and in such manner as Client Company may from time to time request and that Non-Utility Company concludes it is able to perform. Non-Utility Company shall also provide Client Company with such special services, so long as such special services do not materially add to those services described in Appendix A and supplemented by Exhibits A, B and C hereto, as may be requested by Client Company and that Non-Utility Company concludes it is able to perform. In supplying such services, Non-Utility Company may arrange, where it deems appropriate, for the services of such experts, consultants, advisers, and other persons with necessary qualifications as are required for or pertinent to the provision of such services.

Section 1.2 Client Company shall take from Non-Utility Company such of the services described in Section 1.1, and such additional general or special services, as limited by subsection 1.1 hereof, as are requested from time to time by Client Company and that Non-Utility Company concludes it is able to perform.

Section 1.3 The cost of the services described herein or contemplated to be performed hereunder shall be directly assigned, distributed or allocated by activity, project, program, work order or other appropriate basis. Client Company shall have the right from time to time to amend or alter any activity, project, program or work order provided that (i) any such amendment or alteration that results in a material change in the scope of the services to be performed or equipment to be provided is agreed to by Non-Utility Company, (ii) the cost for the services covered by the activity, project, program or work order shall include any expense incurred by Non-Utility Company as a direct result of such amendment or alteration of the activity, project, program or work order, and (iii) no amendment or alteration of an activity, project, program or work order shall release Client Company from liability for all costs already incurred by or contracted for by Non-Utility Company pursuant to the activity, project, program or work order, regardless of whether the services associated with such costs have been completed.

Section 1.4 Non-Utility Company shall use its best efforts to maintain a staff trained and experienced in the services described in Appendix A and supplement by Exhibits A, B and C.

ARTICLE II- COMPENSATION

Section 2.1 As compensation for the services to be rendered hereunder, Client Company shall pay to Non-Utility Company all costs that reasonably can be identified and related to particular services performed by Non-Utility Company for or on its behalf. The methods for assigning or allocating Non-Utility Company costs to Client Company, as well as to other associate companies, are set forth in Appendix A.

Section 2.2 It is the intent of this Service Agreement that charges for services shall be distributed among Client Companies, to the extent possible, based upon direct assignment. The amounts remaining after direct assignment shall be allocated among the Client Companies using the methods identified in Appendix A. The method of assignment or allocation of cost shall be subject to review by the Non-Utility Company annually, or more frequently if appropriate. Such method of assignment or allocation of costs may be modified or changed by the Non-Utility Company without the necessity of an amendment to this Service Agreement; provided that, in each instance, all services rendered hereunder shall be at actual cost thereof, fairly and equitably assigned or allocated, all in accordance with the requirements of the Act and any orders promulgated thereunder. The Non-Utility Company shall review with the Client Company any proposed material change in the method of assignment or allocation of costs hereunder and the parties must agree to any such changes before they are implemented. In addition, no such agreed upon material changes shall be made unless and until the Non-Utility Company shall have first given written notice to the SEC not less than 60 days prior to the proposed effective date thereof.

Section 2.3 Non-Utility Company shall render a monthly report to Client Company that shall reflect the information necessary to identify the costs charged for that month. Client Company shall remit to Non-Utility Company all charges billed to it within 30 days of receipt of the monthly report.

Section 2.4 It is the intent of this Service Agreement that the payment for services rendered by Non-Utility Company to Client Company under this Service Agreement shall cover all the costs of its doing business including, but not limited to, salaries and wages, office supplies and expenses, outside services employed, property insurance, injuries and damages, employee pensions and benefits, miscellaneous general expenses, rents, maintenance of structures and equipment, depreciation and amortization, and compensation for use of capital as permitted by Rule 91 of the SEC's regulations under the Act.

Section 2.5 Non-Utility Company and Client Company agree that the amount of compensation to be paid by Client Company hereunder is subject to the review and determination of the regulatory commission of the appropriate jurisdiction.

ARTICLE III - TERM

This Service Agreement shall become effective as of the date first written above, subject only to the receipt of any required regulatory approvals from any State regulatory commission with jurisdiction over Non-Utility Company or Client Company if Client Company is a utility and the SEC, and shall continue in force until terminated by Non-

Utility Company or Client Company, upon not less than 90 days prior written notice to the other party. This Service Agreement shall also be subject to termination or modification at any time, without notice, if and to the extent performance under this Service Agreement may conflict with the Act or with any rule, regulation or order of the SEC or of any State regulatory commission with jurisdiction over Non-Utility Company or Client Company if Client Company is a utility adopted before or after the date of this Service Agreement.

ARTICLE IV - MISCELLANEOUS

Section 4.1 All accounts and records of Non-Utility Company shall be kept in accordance with the General Rules and Regulations promulgated by the FERC or other regulatory body.

Section 4.2 New direct or indirect subsidiaries of Energy East which may come into existence after the effective date of this Service Agreement, may become additional client companies of Non-Utility Company and subject to a service agreement with Non-Utility Company. The parties hereto shall make such changes in the scope and character of the services to be rendered and the method of assigning, distributing or allocating costs of such services as specified in Appendix A and supplemented by Exhibits A, B and C, subject to the requirements of Section 2.2, as may become necessary to achieve a fair and equitable assignment, distribution, or allocation of Non-Utility Company costs among all associate companies including the new subsidiaries.

Section 4.3 Non-Utility Company shall permit Client Company access to its accounts and records including the basis and computation of allocations.

Section 4.4 This Service Agreement hereby supercedes and replaces any other service agreement existing between the Non-Utility Company and the Client Company.

IN WITNESS WHEREOF, the parties hereto have caused this Service Agreement to be executed as of the date and year first above written.

NON-UTILITY COMPANY

BY: _____
Name:
Title:

CLIENT COMPANY

BY: _____
Name: _____
Title: _____

The undersigned requests all services described in Appendix A and listed in the Work
Request Summary from Non-Utility Company. Services will begin

CLIENT COMPANY

BY: _____
Name: _____
Title: _____

Appendix A

DESCRIPTION OF SERVICES TO BE PROVIDED BY NON-UTILITY COMPANY AND DETERMINATION OF CHARGES FOR SUCH SERVICES TO THE CLIENT COMPANIES

This document sets forth the methodologies used to accumulate the costs of services performed by the Non-Utility Company and to assign or allocate such costs to other subsidiaries and other business units within Energy East ("Client Entities").

Description of Services

A description of each of the services performed by the Non-Utility Company, which may be modified from time to time, is presented below:

1. Utility Location Services.
2. Pole Setting Services.
3. Construction and Maintenance Services, including utility construction and maintenance, energy efficiency performance contracting and energy management services, fiber line construction, splicing and testing, transmission services, construction and facility management, civil engineering services, emergency utility services, and other operational or technical services.

Non-Utility Company's accounting, billing and cost allocation methods utilize the Federal Energy Regulatory Commission's Uniform System of Accounts or, where applicable, the system of accounts required by the state regulatory body.

Cost Assignment

The Non-Utility Company will maintain an accounting system that enables costs to be identified by Work Request (W/R) number. These W/R numbers used in combination with Accounts, Resource Codes, Product/Service Codes and Client Entity numbers will indicate whether the cost is a direct charge or the result of an allocated charge. The primary inputs to the accounting system are time reports, accounts payable invoices and journal entries. Charges for labor are calculated using the employees' hourly rate. Indirect attributable costs are charged to the services performed in proportion to the directly assigned costs or other appropriate cost allocators.

Cost will be accumulated by work request number and assigned as follows:

1. Costs accumulated in a work request number for services specifically performed for a single Client will be directly assigned or billed to the Client.
2. Costs accumulated in a work request number for services specifically performed for two or more Clients will be distributed among the Clients using methods determined on a case-by-case basis consistent with the nature of the work performed and on one of the allocation methods described below.
3. Costs accumulated in a work request number for services of a general nature which are applicable to all Client Entities will be allocated among all Client Entities, and billed to them using the global allocator factor.

Cost Allocation

The Non-Utility Company uses cost allocation methods designed to fully distribute costs. The Non-Utility Company's cost allocation methodology is comprised of the following:

1. To "direct charge" all labor, materials and other expenses to client entities whenever feasible.
2. To allocate directly attributable costs to client entities based upon a measurable cost causing relationship, i.e., Call Center costs are allocated on the actual calls received for each client.

Costs that can be directly attributed to direct charges are allocated in proportion to the direct charges or other appropriate cost allocations. For example, direct labor charged to prepare testimony for a specific utility not only includes the direct payroll charge (the hourly rate times the hours reported) but also includes the cost of that individual's proportional payroll overhead cost, and such other overheads as common asset usage, and occupancy charges (commonly referred to in aggregate as an Administrative and General Overhead).

Allocation Methods

Allocations related to Direct Labor Charges

The following allocations will be applied to the Direct Labor Charges:

Payroll Overhead Charge will be calculated to recover costs associated with labor, such as pension, benefits, lost time and payroll taxes. The payroll overhead costs will be charged to client companies based on direct labor charges. The rate is computed by dividing the annual payroll overhead expenses by the annual base labor dollars.

Other Allocations applied to Direct Labor Charges will consist of the following:

Common Asset Usage Overhead:

The Common Asset Usage Overhead allocates the cost of furniture and desktop equipment (including PC's) used by the Non-Utility Company. The rate is calculated by dividing the economic carrying costs of the assets by the total actual labor dollars of employees using those assets. This overhead is directly applied to all Non-Utility Company labor charged or allocated to clients.

Occupancy Overhead:

The Occupancy Overhead allocates costs related to the workspace occupied by Non-Utility Company employees. The rate is calculated by dividing the economic carrying costs for the buildings by the total actual labor dollars of employees working in those buildings. This overhead is directly applied to all Non-Utility Company labor charged or allocated to clients.

An Alternative Allocation Applied to Direct Labor Charges or Other Direct Charges

An alternative allocation applied to direct labor charges or other direct charges is commonly referred to as an Administrative and General Support Adder. This overhead is a general overhead used in place of other specific administrative and general support overheads and is added to total costs of client services. The purpose is to recover indirect administrative and general expenses incurred and not otherwise charged directly to these clients for certain activities. The adder also includes expenses associated with office facilities, including furniture and office equipment, used in performing these administrative functions.